

CALENDAR ITEM

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PRC 2920.1
PRC 2198.1
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**REMOVAL OF SEAFLOOR DEBRIS AT TWO PREVIOUSLY
ABANDONED OFFSHORE WELL SITES,
OFFSHORE GAVIOTA AREA,
SANTA BARBARA COUNTY**

APPLICANT:

Shell Exploration & Production Company
Attn.: Ms. Niki M. Pasvantis
P.O. Box 61933
Room 2036
New Orleans, LA 70161

AREA, LAND TYPE, AND LOCATION:

Debris is located on the seafloor at three previously abandoned well sites, two on State Oil and Gas Lease No. PRC 2920.1, and one on previously quitclaimed State Oil and Gas Lease No. PRC 2198.1, offshore Santa Barbara County.

BACKGROUND:

The California State Lands Commission (Commission) has directed Shell Exploration and Production Company (Shell) to remove seafloor debris from two abandoned well sites located in state waters approximately 2.5 miles offshore the Molino area of the Gaviota coast (see Exhibit A and B, attached hereto). The two sites are known as: PRC 2920 SMSS #6 and PRC 2198 Shell-Refugio State #1. The two wells were exploratory wells - dry holes that were never produced, they were abandoned per California Division of Oil, Gas, and Geothermal Resources (DOGGR) regulations in 1983 and 1961, respectively.

Debris at PRC 2920 SMSS #6 includes an abandoned 48" conductor and a 20" casing stub that protrudes approximately 5 feet above the mudline. Debris at PRC 2198 Shell-Refugio State #1 includes a 24" bell joint designed to support a marine well head as well as an upended concrete landing pad that was originally

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installed to guide and tie in subsea equipment. Water depth at the two Shell well work locations is approximately 235 feet.

A third well site, also located on PRC 2920, was the location of a "core hole" drilled by now defunct Pauley Petroleum (Pauley) (see Exhibit C, attached hereto). Pauley drilled and abandoned Core Hole "7B-19" under a permit from the State in 1960. The work plan for the debris removal at this site was reviewed in a Mitigated Negative Declaration (MND), Clearinghouse No. 2002071146. The MND was adopted and the work approved by the Commission at its meeting of October 1, 2002.

The Pauley well was drilled in 1960 in 247 feet of water to a total depth of 1,850 feet. It was abandoned to standards applicable at that time. Although the hole was properly abandoned, the "base plate" (a cement pad for "landing" the wellhead equipment) and casing stubs were left exposed on the seafloor. The base plate has been upended, apparently by commercial fishing (trawling) activity. The base plate needs to be removed, and the 10 3/4" and 8 5/8" casing "stubs" (the ends of the casing strings) need to be cut below the seafloor.

These debris sites, along with many other sites, were identified as part of the 1989-91 study conducted in coordination with the Local Marine Fisheries Impact Program. Seven oil companies participated in forty-one other sites ("targets") which were cleared of debris in 1998-1999 immediately following the SWARS project. Seventy-five percent (75%) of the targets cleared were well related (as are these) and the rest had other non-oilfield-specific debris.

Shell has commissioned Pacific Management Technologies, Inc. (PMTI, formerly Fairweather) to acquire the necessary approvals and remove the seafloor debris, at the above described Shell well sites. Due to the proximity of one of the Shell wells and the Pauley well, Staff has made arrangements with Shell to also remove the seafloor debris at the Pauley well using equipment to be mobilized and used by PMTI.

The debris removal method and equipment are virtually the same at each of the sites. The debris removal will involve mobilizing a workboat (American Patriot), an anchor handling boat, a remotely operated vehicle (ROV), and dive team for an estimated 2 - 3 days of recovery work at each location. The workboat will use a 4-point mooring system and ensure that the anchors are set in soft sediment at each location. Commercial divers will cut the debris with a Rapier bandsaw (using an oxy-arc system instead on the work on the Pauley well) down to 1 foot

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below the seafloor and retrieve all debris to the deck of the boat, per Commission regulations. An ROV will be deployed to survey 500' around each wellhead looking for any additional debris in need of recovery.

Pending agency approvals, the debris recovery work is scheduled to occur during a one-week period in late September or early October 2006, taking advantage of typically favorable sea states and weather conditions, and before the fall grey whale migration begins.

STATUTORY AND OTHER REFERENCES:

- A. Public Resources Code section: 6804.1
- B. Public Resources Code section: 21065

OTHER PERTINENT INFORMATION

1. No sensitive resources have been identified in the seafloor areas impacted by the debris removal efforts. No explosives or other loud noise sources that could be harmful to marine mammals will be involved. The presence of workboats in the project area will be limited. No hard bottom or sea grasses were encountered during the extensive seafloor debris clean-up efforts performed in the area in 1998 and 1999. The work areas are too deep to support kelp, eelgrass, surfgrass, and abalone. White abalone (*Haliotis sorenseni*) have been found as deep as 200' in open low relief rock or boulder habitat areas (Dept. of Commerce, National Oceanic and Atmospheric Administration, 50 CFR Part 224, Final Rule, May 2001), the proposed activities will be take place in sandy bottom areas and anchors will be positioned so as to avoid any hardbottom area. An ROV will be deployed as necessary during the setting of anchors to ensure that no hard bottom is affected.
2. PMTI has received a de minimis waiver (no permit required) for the work from the California Coastal Commission. The California Division of Oil, Gas, and Geothermal Resources has issued permits for the work. A temporary exemption from the Santa Barbara County APCD was granted due to the equipment being used (under one ton of emissions) and the short duration of the project (less than 1 month).
3. On October 1, 2002, the Commission adopted a Proposed Mitigated Negative Declaration (MND), approved the Santa Barbara Channel Coastal Hazards Removal Program for which the MND was prepared, and subsequently obtained all necessary governmental permits for all

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locations and activities, including the PRC 2920 Pauley Well "7B-19". The approved removal activities incorporated operations measures that were designed to either avoid or reduce potential environmental impacts to a level where no significant effects to the environment would occur. Subsequent monitoring of the removal activities at other sites within the program confirmed the effectiveness of such measures. The proposed removal activities of two nearby wells, PRC 2920 SMSS #6 and PRC 2198 Shell-Refugio State #1, were not analyzed in the adopted MND because the status of these wells was unknown at the time the MND was prepared.

However, the process for removing the coastal hazards, PRC 2920 SMSS #6 and PRC 2198 Shell-Refugio State #1, offshore of Santa Barbara County is similar to those activities analyzed within the adopted MND for the offshore Pauley Well, and, accordingly, the proposed activities at each site will be governed by measures previously incorporated in the Commission's prior action (see Exhibit D attached hereto).

4. Pursuant to the Commission's delegation of authority and the State CEQA Guidelines (Title 14, California Code of Regulations, section 15061), the staff has determined that this activity is exempt from the requirements of the CEQA under the general rule that the CEQA applies only to projects that have the potential for causing a significant effect on the environment. The staff believes, based on the information available to it, that there is no possibility that this project may have a significant effect on the environment.

Authority: Title 14, California Code of Regulations, section 15061 (b) (3).

5. This activity involves lands identified as possessing significant environmental values pursuant to Public Resources Code sections 6370, et seq. Based upon the staff's consultation with the persons nominating such lands and through the CEQA review process, it is the staff's opinion that the project, as proposed, is consistent with its use classification and that significant environmental values that were originally identified are either no longer there, that such values are not within the project site or will not be affected by the proposed project.

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EXHIBITS:

- A. Site Map for PRC 2920 SMSS #6 Well
- B. Site Map for PRC 2198 Shell-Refugio State #1 Well
- C. Site Map for the Pauley Core Hole "7B-19" Well
- D. Subsea Well Debris Removal Work Applicable Mitigation Measures

PERMIT STREAMLINING ACT DEADLINE:

N/A (CSLC acting as lead agency under the CEQA).

RECOMMENDED ACTION:

IT IS RECOMMENDED THAT THE COMMISSION:

CEQA FINDING:

FIND THAT THE ACTIVITY IS EXEMPT FROM THE REQUIREMENTS OF THE CEQA PURSUANT TO TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 BECAUSE THERE IS NO POSSIBILITY THAT THE ACTIVITY MAY HAVE A SIGNIFICANT EFFECT ON THE ENVIRONMENT; TITLE 14, CALIFORNIA CODE OF REGULATIONS, SECTION 15061 (b)(3).

SIGNIFICANT LANDS FINDING:

FIND THAT THIS ACTIVITY IS CONSISTENT WITH THE USE CLASSIFICATION DESIGNATED BY THE COMMISSION FOR THE LAND PURSUANT TO PUBLIC RESOURCES CODE SECTIONS 6370, ET SEQ.

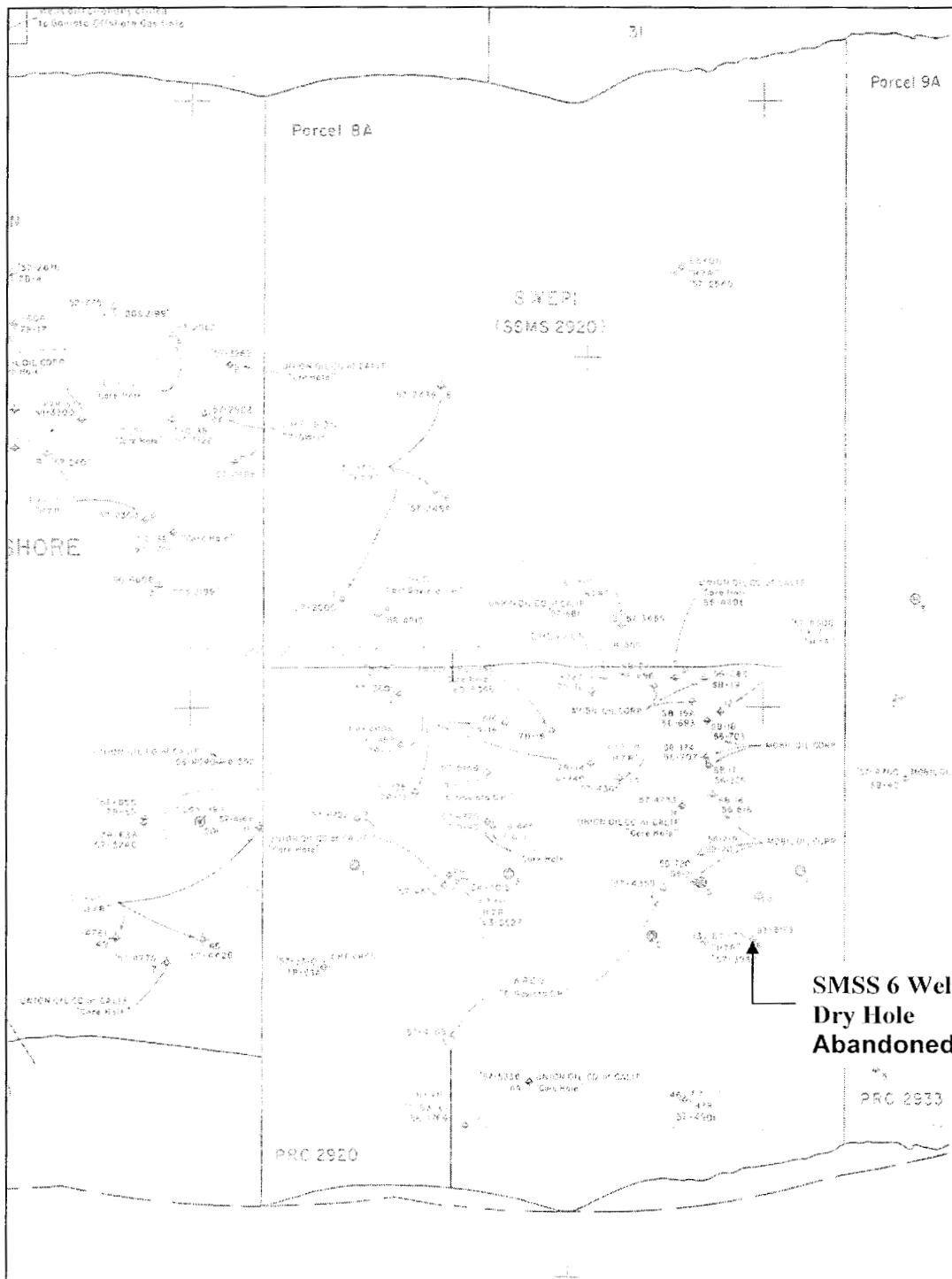
AUTHORIZATION:

CONSENT TO THE REMOVAL OF THE SEAFLOOR DEBRIS AT TWO PREVIOUSLY ABANDONED WELLSITES IN THE SANTA BARBARA CHANNEL OFFSHORE GAVIOTA AREA, USING THE WORKBOAT AND SITE ABANDONMENT PROCEDURES AS CONTAINED IN EXHIBIT D, ATTACHED HERETO.

Exhibit A

PRC 2920.1

Location Map for PRC 2920 "SMSS" 6 Well Site Subsea Debris to be Remove



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TADIGUAS

REFUGIO COVE GAS (ABD)

Parcel B

Parcel 10A

TEPI

Shell-Refugio
State #1 Well Site
Dry Hole Abandoned in 1961

PRC 2198

PRC 2510

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Exhibit C

**Location Map for Pauley Core Hole 7B-19 (PRC 2920) Site
Subsea Debris to be Remove**

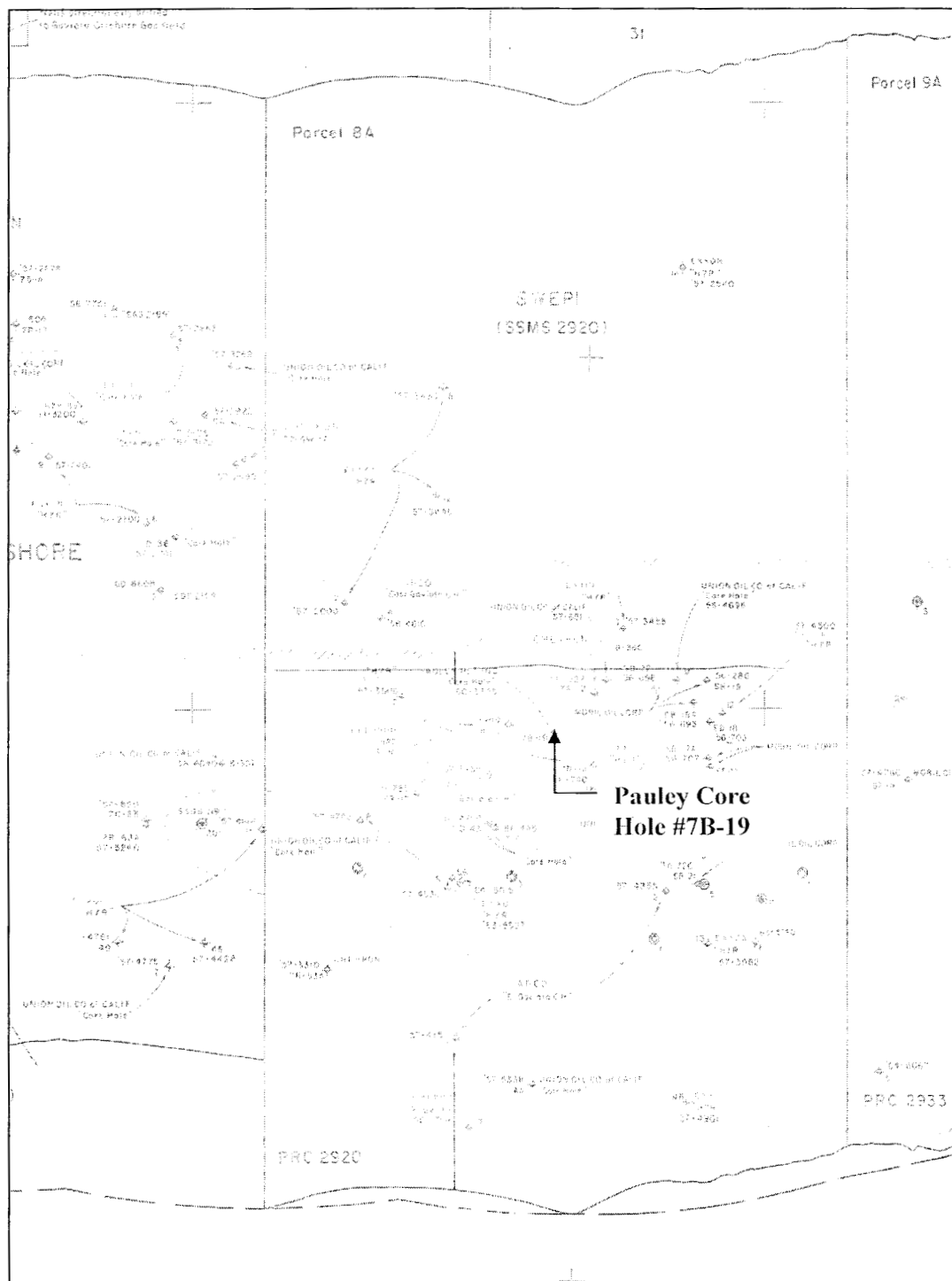


EXHIBIT D



**Subsea Well Debris Removal Work
Applicable Mitigation Measures**

PRC 2920.1
PRC 2198.1

Mitigation Number	Mitigation Measures	Documentation Required	Proposed Mitigation Compliance
TBio-1*	<p>A qualified biologist shall be on-site to monitor the hazard removal sites. Level of monitoring dependent on extent of sensitive resources within worksite. Biologist to:</p> <ul style="list-style-type: none"> ▪ Pre-dive survey for white abalone; contact NMFS & CDFG if found; ▪ Conduct an employee orientation program for all project personnel; ▪ Monitor activity w/in 100' of wetlands or designated sensitive habitat areas. Site 24 to be performed during periods of high flows in creeks if biologist determines beneficial to tidewater goby or steelhead. 	Biological Monitoring Sheet	<p>PMTI to provide project oversight; ensure that operations are conducted in accordance with descriptions in permit application; adhere to applicable mitigation measures. PMTI to conduct employee orientation/training for project personnel.</p> <p>Hard bottom and white abalone to be avoided by use of ROV "fly-overs" 50' surrounding proposed anchor site before setting anchors. Anchors will be set and retrieved vertically to avoid dragging.</p> <p>Debris recovery 2.5 miles offshore will not impact tidewater goby or steelhead in coastal creeks.</p>
MBio-9	Avoid work within or adjacent to designated marine mammal rookeries and beach-area bird nesting sites during breeding periods. Establish 500' buffer in marine mammal haul out areas.	Biological Monitoring Sheet	Mitigation wording acceptable. Offshore work is 2.5 miles offshore – far from rookeries and bird nesting areas.
MBio-11*	Conduct a pre-anchoring survey at all proposed offshore anchoring sites and relocate any proposed anchor sites at least 20' away from rocky substrate, surfgrass, eelgrass or kelp beds.	Review of pre-anchoring survey and final anchoring plan.	No pre-job survey is proposed. Pre-plot of anchor positions will be prepared showing any known hard bottom features. Rocky substrate will be avoided by use of ROV "fly-overs" to identify any hard bottom w/in 50' of proposed anchor location; adjust location as necessary. Final anchor plan

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Mitigation Number	Mitigation Measures	Documentation Required	Proposed Mitigation Compliance
			to be provided to CSLC. Well sites are too deep to support seagrasses; however, if identified, these will also be avoided.
MBio-12	Use crown buoys and near-surface anchor lines if rock substrate, surfgrass, kelp, eelgrass is btwn anchor and vessel.	Biological monitoring sheet and site photo log.	Hard bottom will be avoided as described above. Anchor plan to document location of hard bottom. Well sites are too deep to support sea grasses.
MBio-13	Deploy anchors with an anchor-assist vessel; recover anchors vertically and avoid dragging across seafloor.	Biological monitoring sheet and site photo log.	Mitigation wording acceptable. <i>Danny C</i> to be used as anchor handling vessel.
MBio-14	Avoid traversing surface kelp areas when accessing site.	Biological monitoring sheet and site photo log.	Mitigation wording acceptable. Vessels to use approved traffic corridors to access site.
MBio-15a*	To extent feasible, schedule offshore work outside gray whale migration season.	Prior to start of offshore work.	Mitigation wording acceptable. Subsea debris removal work scheduled for late Sept/early Oct 2006.
MBio-15b*	Comply with Marine Wildlife Contingency Plan: <ul style="list-style-type: none"> Have an agency-approved marine mammal monitor onboard with authority to cease operations if marine mammal within 0.10 miles from activity. Monitor to ensure vessel transit guidelines are followed. 	Biological monitoring sheet and site photo log.	No activities proposed that would harm marine mammals. Well sites are far from rookeries/haul out areas. No use of explosives or other loud underwater equipment. Anchors and anchor lines will be stationary once set. PMTI to review all aspects of Marine Wildlife Contingency Plan with project personnel prior to work. Vessel captains to be instructed to following transit guidelines identified in Plan. Avoidance is the key. Project activities, including encounters with marine mammals (if any), will be documented for CSLC in final report.
MBio-16*	Have an oil spill response & recovery plan for all offshore operations that require	Prior to start of work.	Mitigation wording acceptable. Divecon has an Oil Spill Contingency Plan, response

Mitigation Number	Mitigation Measures	Documentation Required	Proposed Mitigation Compliance
	petroleum products onboard. Train all onboard personnel.		equipment onboard <i>American Patriot</i> , and trained personnel.
MBio-17	Minimize the number of anchors and the water depth-to-anchor line length ratio for offshore operations without jeopardizing the safety of the operations.	Review of pre-anchoring survey and final anchoring plan. Biological monitoring sheet and site photo log.	Mitigation wording acceptable, alternative documentation proposed. Four anchors will be necessary at each site. Anchor pre-plot will be provided to CSLC. Fugro will determine appropriate anchor line length to perform work.
MBio-18	A qualified biologist shall be on-board to monitor the hazard removal sites where a boat is required. The level of monitoring at each site is dependent on extent of sensitive resources w/in work area. Biologist to provide: <ul style="list-style-type: none"> Pre-anchoring surveys for special status species known or potentially existing within the work sites prior to project activities. Conduct an employee orientation program for all project personnel. 		PMTI to provide project oversight; ensure that operations are conducted in accordance with descriptions in permit application; adhere to applicable mitigation measures. PMTI to conduct employee orientation/training for project personnel and document project activities for follow-up report to CSLC. ROV "fly-overs" prior to setting anchors will ensure that hard bottom or other benthic resources are avoided.
Cul- A, B, D-6	At Pauley Well site, fly-over anchoring and pre-anchoring survey at anchor sites shall be conducted to avoid impacting previously unidentified historic shipwrecks. Any proposed anchoring sites on or near historic shipwreck shall be moved at least 20' away.	Review of pre-anchoring survey and final anchoring plan.	CLSC to review database of historic shipwrecks to see if any nearby. ROV fly-over while anchoring will ensure that anchors are not placed on or near historic shipwrecks.
N-2	Nearby residents will be given advanced written notification of construction activity scheduling and hours of construction.	Copy of notification.	Work is 2.5 miles offshore. Notice to Mariners to be provided through USCG. PMTI to notify JOFLO prior to work.

* Denotes mitigation measures included in CCC permit for Pauley Well.